

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

JOINT CROSS-SERVICE GROUP FOR LABORATORIES
1995 DEFENSE BASE REALIGNMENT AND
CLOSURE PROCESS

Report No. 95-176

April 13, 1995

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Department of Defense

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Acronyms

BRAC
JCSG

Base Realignment and Closure
Joint Cross-Service Group

Office of the Inspector General, DoD

April 13, 1995

Report No. 95-176
(Project No. 4CG-5016.07)

**Joint Cross-Service Group for Laboratories 1995 Defense Base
Realignment and Closure Process**

EXECUTIVE SUMMARY

Introduction. This report is one in a series of reports that discusses the Joint Cross-Service Group implementation of the internal control plan developed by the 1995 Defense Base Closure and Realignment Steering Group (the Steering Group). The Inspector General, DoD, was directed by the Deputy Secretary of Defense to review the adequacy and implementation of the internal control plan over this process. The report focuses on the adequacy of the Joint Cross-Service Group for Laboratories implementation of the internal control plan.

Audit Objectives. The overall audit objective was to assess the adequacy of the base realignment and closure 1995 Steering Group internal control plan. The specific objective of this audit was to determine whether the Joint Cross-Service Group for Laboratories adequately implemented the Steering Group internal control plan.

Audit Results. The Joint Cross-Service Group for Laboratories implementation of the internal control plan was generally effective. We did not identify any significant deficiencies, errors, or inconsistencies in data consolidation.

Recommendations and Management Comments. We provided a draft of this report to the Deputy Assistant Secretary of Defense (Installations) on March 15, 1995. Because the report contained no findings or recommendations, written comments were not required. The Deputy Assistant Secretary of Defense (Installations) concurred with the report.



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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Report No. 95-176

April 13, 1995

MEMORANDUM FOR DIRECTOR, DEFENSE RESEARCH AND ENGINEERING

SUBJECT: Audit Report on the Joint Cross-Service Group for Laboratories 1995 Base Realignment and Closure Process (Project No. 4CG-5016.07)

Introduction

We are providing this final report for your information and use. This report is one in a series of reports that discusses the review of the Joint Cross-Service Groups' (JCSGs) implementation of the internal control plan developed by the 1995 Defense Base Realignment and Closure (BRAC) Steering Group (the Steering Group) for managing the identification of DoD cross-Service opportunities. The Deputy Secretary of Defense directed the Inspector General, DoD, to review the adequacy and implementation of the internal control plan of this process. The report discusses the adequacy of the Joint Cross-Service Group for Laboratories implementation of the internal control plan.

Audit Results

The JCSG for Laboratories implementation of the internal control plan was generally effective. We did not identify any significant deficiencies, errors, or inconsistencies in data consolidation.

Audit Objectives

The overall audit objective was to assess the adequacy of the Steering Group internal control plan. The specific objective of this audit was to determine whether the JCSG for Laboratories adequately implemented the internal control plan. A summary report will discuss the overall audit objective.

Scope and Methodology

We reviewed the JCSG for Laboratories process for collecting and analyzing 1995 BRAC data for laboratories. We did not review the data collection process of the Military Departments.

We attended JCSG for Laboratories meetings and reviewed the formal minutes and briefing charts of the meetings.

We verified the accuracy of the JCSG for Laboratories consolidation of data submitted by the Military Departments.

This program audit was conducted from January 1994 through March 1995. The audit was conducted in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. Accordingly, we included tests of internal controls considered necessary. We conducted the audit at various DoD organizations and locations. We performed 100-percent review of data entered into programs used by the JCSG for Laboratories to ensure the accuracy of computer processed data. See Enclosure 1 for a complete list of the organizations we visited or contacted.

Internal Control Plan

On April 13, 1994, the Steering Group issued the 1995 BRAC internal control plan for the JCSGs to use in the 1995 BRAC process. The objective of the internal control plan was to ensure the accuracy, completeness, and integrity of the information upon which the Secretary of Defense recommendations for closures and realignments would be based.

The internal control plan established two principal mechanisms to control the process: organization and documentation.

Implementation of Organizational Controls. Organizational controls consisted of three organizations that were separated by distinct functional boundaries and levels of decisionmaking authorities. An Inspector General, DoD, summary report will discuss the implementation of organizational controls.

Implementation of Documentation Controls. Documentation controls were divided into the following control elements: data information and collection, certification, record keeping, oral briefings, outside studies, technical experts, and access to records.

The primary purpose of the internal control plan was to provide a consistent set of management controls for all JCSGs and to ensure the accuracy of the data collection and analysis process. In addition, the internal control plan incorporated the certification procedures set forth in Public Law 101-510, "Defense Base Realignment and Closure Act of 1990," November 5, 1990, as amended, and in the Deputy Secretary of Defense memorandum, "1995 Base Realignment and Closures," January 7, 1994.

Prior Audits and Other Reviews

No previous audit coverage of the JCSG for Laboratories has occurred.

Audit Background

The January 7, 1994, Deputy Secretary of Defense memorandum established policy, procedures, authorities, and responsibilities for selecting bases for

realignment or closure under Public Law 101-510, as amended. To oversee the entire process and to enhance opportunities for consideration of cross-Service tradeoffs and multi-Service use of the remaining infrastructure, the memorandum established a 1995 BRAC Review Group, a Steering Group, and six JCSGs. In addition, the Deputy Secretary of Defense directed the Inspector General, DoD, to ensure that the JCSGs adequately implemented the internal control plan.

Review Group Authorities. The Review Group oversaw the entire 1995 BRAC process. The Review Group was chaired by the Deputy Secretary of Defense and includes senior representatives from the Military Departments, the chairpersons of the Steering Groups and JCSGs, and senior representatives from various other DoD Components. Authorities of the Review Group included:

- o reviewing 1995 BRAC analysis policies and procedures,
- o reviewing 1995 BRAC excess capacity analyses,
- o establishing 1995 BRAC closure or realignment alternatives and numerical excess capacity reduction targets for consideration by the DoD Components, and
- o making recommendations to the Secretary of Defense.

Steering Group Authorities. The Steering Group assisted the Review Group in exercising its authorities and reviewed DoD Component supplementary 1995 BRAC guidance. The Steering Group was chaired by the Assistant Secretary of Defense (Economic Security) and was composed of representatives from the Military Departments, the JCSGs, and various other DoD Components.

JCSG Authorities. The JCSGs were established in six areas with significant potential for cross-Service impact in the 1995 BRAC process. The six JCSGs areas were:

- o Depot Maintenance;
- o Test and Evaluation;
- o Laboratories;
- o Medical Treatment Facilities, including Graduate Medical Education;
- o Undergraduate Pilot Training; and
- o Economic Impact.

The JCSGs were chaired by senior DoD officials, with members from each of the Military Departments and other DoD offices, as considered appropriate by the chairperson.

JCSG Responsibilities. The JCSGs (excluding the JCSG for Economic Impact) were tasked to perform the following functions.

- o Establish guidelines, standards, assumptions, measures of merit data elements, and milestone schedules for cross-Service analysis of the common-support area.

- o Perform an excess-capacity analysis.

- o Develop closure or realignment alternatives and numerical excess-capacity reduction targets for Military Department consideration.

- o Analyze cross-Service tradeoffs.

JCSG Process. To fulfill its responsibilities, each group generally performed the following tasks.

- o Develop a methodology for analyzing cross-Service opportunities.

- o Develop data call requirements to use in the analysis.

- o Determine capacity requirements and functional value and prepare optimization scenarios.

- o Analyze the results for operational feasibility.

- o Recommend cross-Service opportunities to the Military Departments.

Discussion

The JCSG for Laboratories was chaired by the Director, Defense Research and Engineering, and included representatives from the Military Departments. The JCSG for Laboratories developed a list of 81 laboratories with cross-Service potential for consolidation, closure, or downsizing. To conduct its review, the JCSG for Laboratories implemented the Steering Group internal control plan. We reviewed the JCSG for Laboratories implementation of the plan.

Data Call Information and Collection. The JCSG for Laboratories developed a data call that tasked the Military Departments to collect capacity data for each of the laboratories identified. Those laboratories were selected by considering all individual aggregates of personnel and facilities located at one base, performing predominantly science and technology, engineering development, or in-Service engineering work. The laboratories were tasked to collect documentation regarding capacity and capability to perform common support functions. Included in the data call were questions on workload, excess capacity, mission, location, personnel, facilities and equipment, and expansion potential.

The JCSG for Laboratories designated a laboratory study team, composed of the alternate members of the JCSG, to develop the measures of merit. The measures of merit for laboratories were reduction of laboratory infrastructure, return on investment, and military value.

The JCSG for Laboratories developed an analysis plan that defined how the data would be used to determine:

- o functional capacity (the maximum workload capacity of an activity),
- o functional requirement (the projected workload requirement for a given common support function), and
- o functional value (a measure of the value of a common support function performed at an activity).

The analysis plan also addressed how other analytical tools would be used to develop alternatives.

Functional value is a measure of the capability to perform work and the quality of work performed in a specific function at a specific activity. The JCSG for Laboratories computed functional value by evaluating and scoring the certified cross-Service data against the functional value measures and then applying the functional value weights in the functional value model.

The functional value rating system was developed by reviewing the data call elements for applicability, comparability, and ability to act as a value discriminator in calculating functional value. The JCSG for Laboratories developed measures to limit the amount of subjective evaluation required. Some of the data submitted by the Military Departments were used in the functional value calculation, and other data were used as background or for "fit check" evaluation of the alternatives proposed. (Fit check is a part of the overall process for analyzing operational feasibility of alternatives derived from the optimization model).

Functional value weights were developed by the JCSG for Laboratories based on recommendations from the Laboratory JCSG Working Group. Relative importance was derived by comparing measures with each other and across target categories, from which several of the measures could be collected.

The functional value model used Decision-PAD, a commercially available product. Decision-PAD was programmed to yield, for each measure, an adjusted score between 1 and 100 for each common support function and activity combination. Each adjusted score was multiplied by its associated weight, and then all were summed to yield a single functional value (between 1 and 100) for each common support function and activity.

The chairman of the JCSG for Laboratories transmitted the guidance package to the Military Departments on March 30, 1994. This guidance package established the guidelines, standards, assumptions, measures of merit, data elements, and milestone schedule for the DoD Components to conduct cross-

Service analyses of common support functions performed by laboratories. The guidance package also provided a questionnaire to ensure common, comparable data was gathered. This document required that the data meet the certification requirements of 1995 BRAC. Military Departments were required to submit the responses to the data call by July 1, 1994.

The JCSG for Laboratories, consistent with the internal control plan, documented in the analysis plan a disciplined and controlled process for scoring and evaluating the data to preserve the integrity of the process and control access to the data.

The Inspector General, DoD, review consisted of monitoring the development process, determining whether the decision process was adequately documented, and determining whether the data requirements assured consistency of the data collected. Auditor personnel attended each formal meeting of the JCSG for Laboratories and were resident at the Defense Test and Evaluation Center, located at the Institute for Defense Analyses, Alexandria, Virginia, to monitor the activities and ensure compliance with the approved internal control and management control plans. We participated in the inventory of the Military Departments data call responses.

The JCSG for Laboratories documented its decisions on the criteria to be used in the data requirements in minutes and in various briefing packages.

Certification of the Data Call Results. The January 7, 1994, Deputy Secretary of Defense memorandum required DoD Components to certify the data collected by the Military Departments were accurate, complete, and consistent. The JCSG for Laboratories prepared a Management Control Plan for the Laboratories Scoring Team to document procedures for data configuration management and control. This document designated a data configuration control manager to be the recipient of all data for the JCSG for Laboratories. The Steering Group requested the Inspector General, DoD, auditors, as independent observers, to assist in the data administration. The procedures ensured complete traceability existed for all data received. We maintained the original data responses as the control copy. During the inventory of each Military Department's data call responses, we examined each response for the proper certifications. The JCSG analysis plan included a documented process to ensure the integrity of the process and to control access to the data.

We identified a potential deficiency in the certification process at the Armed Forces Radiobiology Research Institute, Bethesda, Maryland. The institute is a subordinate command of the Uniformed Services University of Health Sciences reporting to the Assistant Secretary of Defense (Health Affairs). The other DoD laboratories responding to the data call are components of the Military Departments; their data submissions had Military Department audit agency oversight. Because the Armed Forces Radiobiology Research Institute is not affiliated with a specific Military Department, we reviewed the data collection process in response to the data call to comply with the oversight requirement. We issued Inspector General, DoD, Report No. 95-020, "Armed Forces Radiobiology Research Institute 1995 Defense Base Realignment and Closure

Data Call Response," on October 31, 1994. The report states that the Armed Forces Radiobiology Research Institute maintained sufficient supporting documentation for all elements reviewed. The data provided to the JCSG for Laboratories were adequately supported and consistent with the JCSG guidance.

Record Keeping. The JCSG for Laboratories documented the consolidation of data processes in the Management Control Plan for Laboratories Scoring Team Space and in the analysis plan. Evaluation criteria scoring sheets were used to record the scoring. The data were scored by teams made up of one member from each Military Department. Procedures called for at least two reviews of the data to serve as an indication of the consistency with which activities interpreted the data call questions. The scoring sheets were used to convert the certified data provided by the Military Departments into a form that would later be entered into the Decision-Pads model.

We verified the accuracy of the data in the spreadsheets for calculating functional capacity and functional requirement by verifying that the data from the score sheets were transferred accurately and completely to the spreadsheets. We performed a 100-percent analysis of the data entry to ensure that the latest data were used for the programs and that, as revised information was received, the computer program was updated. We also ensured that all of the data call responses were used in the analysis.

Oral Briefings. Oral briefings were presented to the Chairman at 29 meetings of the JCSG for Laboratories. During the meetings, status, problems, and recommendations were presented to the group. We attended the meetings and reviewed the minutes to determine completeness and accuracy. The minutes and attached briefing charts were maintained in the Office of Director, Base Closure and Utilization, and were found to be an accurate representation of the meetings.

Outside Studies and Technical Experts. The JCSG for Laboratories did not use outside studies or technical experts in its process to implement documentation controls.

Access to Records. The JCSG for Laboratories maintained security over the data packages received from the Military Departments to ensure the integrity of the data. A dedicated, secure, work area was arranged at the Defense Test and Evaluation Center, at the Institute for Defense Analyses, for JCSG for Laboratories personnel. The suite of offices had a cipher lock on the door, and classified material safes with combination locks were used to store the data. Data processing equipment with removable hard drives were also used.

Security procedures were documented in the Management Control Plan for Laboratories Scoring Team Space. The assigned data administrator was responsible for establishing and maintaining an access list to the facility. He also issued and controlled the combinations for the facility cipher lock. With our assistance, he controlled access to the data call responses and to the computer hard drives.

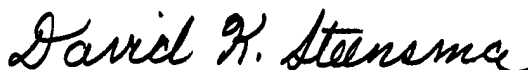
Recommendations to the Military Departments

The JCSG for Laboratories transmitted its alternatives for Military Department consideration in four separate documents. The alternatives were sent on November 1, 4, 21, and 29, 1994. The results were organized by common support function and described the activities suggested for continued participation in a specific common support-function life cycle. Also enclosed in the package was a guide describing the information contained in the enclosed set of alternatives. The recommendations package included copies of the model outputs of each consideration.

Management Comments

We provided a draft of this report to the Deputy Assistant Secretary of Defense (Installations) on March 15, 1995. Because the report contained no findings or recommendations, written comments were not required. The Deputy Assistant Secretary of Defense (Installations) concurred with the report. Full text of Management Comments is in Enclosure 3.

We appreciate the courtesies extended to the audit staff. If you have any questions on this report, please contact Mr. Raymond A. Spencer, Audit Program Director, at (703) 604-9070 (DSN 664-9070) or Ms. Nancee K. LaBute, Acting Audit Project Manager, at (703) 604-9054 (DSN 664-9054). Enclosure 2 lists the distribution of this report.



David K. Steensma
Deputy Assistant Inspector General
for Auditing

Enclosures

Organizations Visited or Contacted

Office of the Secretary of Defense

Assistant Secretary of Defense (Economic Security), Washington, DC
Director, Base Closure and Utilization, Washington, DC
Director, Defense Research and Engineering, Washington, DC
Armed Forces Radiobiology Research Institute, Bethesda, MD

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House Committee on Government Reform and Oversight
House Subcommittee on National Security, International Affairs, and Criminal
Justice, Committee on Government Reform and Oversight
House Committee on National Security

Office of the Assistant Secretary of Defense Comments



ECONOMIC SECURITY

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06 APR 1995

MEMORANDUM FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: Draft Audit Report on Joint Cross-Service Group for
Laboratories, 1995 Base Realignment and Closure
Process (Project No. 4CG-5016.07)

I have reviewed the draft report and concur in the auditor's description of the process used by the Joint Cross-Service Group (JCSG) for Laboratories to develop alternatives for consideration by the Military Departments during their BRAC analyses.

The Inspector General, DoD, has been a key part of the Department's BRAC process by providing advice and review of organizational and internal management controls for JCSG activities. The involvement of the Inspector General enhanced the process by helping to ensure the accuracy, completeness, and integrity of the information used as a basis for development of functional alternatives by the Joint Cross-Service Groups.

Robert E. Bayer
Deputy Assistant Secretary of Defense
Installations



Enclosure 3

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